

## Message Text

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21

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 EB-07 COME-00 TRSE-00 CIEP-01

AGR-05 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 GSA-01 AID-05

OMB-01 /083 W

----- 102118

R 111410Z APR 75

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 1482

INFO AMEMBASSY BLANTYRE

AMCONSUL CAPE TOWN

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMCONSUL LOURENCO MARQUES

C O N F I D E N T I A L LUSAKA 0660

CAPE TOWN FOR EMBASSY

EO 11652: GDS

TAGS: PFOR, RH, EFIN

SUBJECT: RHODESIAN BANKS RUMORED TO HAVE CUT OFF CREDIT TO  
TOBACCO INDUSTRY

REF: LUSAKA 0641

1. GENERAL MANAGER OF TOBACCO BOARD OF ZAMBIA, WHO ALSO  
WELL CONNECTED POLITICALLY HERE, ASKED VISITING REGIONAL  
AGATT APRIL 10 IF WE HAVE ANY INFORMATION TO CONFIRM RUMOR  
THAT RHODESIAN BANKS, MOST OF WHICH BELIEVED TO BE FOREIGN  
OWNED, ARE WITHHOLDING CREDIT FOR THIS YEAR'S RHODESIAN  
TOBACCO CROP. ACCORDING SOURCE, IT HAS BEEN CUSTOMARY FOR  
RHODESIAN BANKS TO ADVANCE RHODESIAN DOLLARS 40 - 50  
MILLION EACH YEAR IN CREDITS TO TABACCO FARMERS AT AUCTION  
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UNTIL CROP HAS BEEN EXPORTED AND FOREIGN EXCHANGE RECEIVED.  
AS RESULT OF CREDIT DROUGHT, ANNUAL TOBACCO AUCTIONS ARE

BEING POSTPONED. AS TOBACCO SALES, ARE A MAJOR RHODESIAN FOREIGN EXCHANGE EARNER, CREDIT CUT-OFF HAS POTENTIALLY SERIOUS IMPACT ON RHODESIAN ECONOMY. BANKS' ALLEGED ACTIONS ARE THEREFORE BEING INTERPRETED HERE AS INSPIRED BY FOREIGN GOVERNMENTS HOPING BRING THIS ADDITIONAL PRESSURE ON IAN SMITH GOVERNMENT TO MOVE TOWARD REALISTIC CONSTITUTIONAL SETTLEMENT.

2. WE HAVE NO INFORMATION TO CONFIRM THIS RUMOR ABOUT POLITICALLY-INSPIRED WITHHOLDING OF BANK CREDITS FOR RHODESIAN TOBACCO AND WOULD WELCOME COMMENTS BY DEPT AND OTHER POSTS AS TO TRUTH OF THIS REPORT.

3. IF IT DOES PROVE TO BE TRUE THAT BANKS ARE PUTTING CREDIT SQUEEZE ON RHODESIANS, THEN EARLY ACTION TO ENCOURAGE VOLUNTARY RESTRAINTS ON IMPORTS OF RHODESIAN CHROME AND OTHER ORES TAKES ON ADDITIONAL URGENCY. IT WOULD CLEARLY BE UNFORTUNATE AND INEPT FOR US INDUSTRY TO LAG BEHIND OTHER FOREIGN FINANCIAL INTERESTS IN BRINGING ECONOMIC PRESSURE TO BEAR ON SMITH FOR PURPOSE OF MOVING HIM TOWARD GENUINE NEGOTIATIONS ON MAJORITY RULE.  
WILKOWSKI

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## Message Attributes

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